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Message Text

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PAGE 01 STATE 034085

72
ORIGIN AF-05

INFO OCT-01 ISO-00 /006 R

66618
DRAFTED BY AF/W:JKBISHOP:JS
APPROVED BY AF/W:JLLOUGHRAN
---------- 060080
P 272122Z FEB 74
FM SECSTATE WASHDC
TO AMEMBASSY BONN PRIORITY

C O N F I D E N T I A L STATE 034085

FOLLOWING STATE 034085 ACTION ACCRA INFO LONDON ROME FEB 20TH.

QUOTE

C O N F I D E N T I A L STATE 034085

E.O. 11652: GDS
TAGS: EFIN, EAID, PFOR, IBRD, GH
SUBJECT: GHANA DEBT: SECOND ROUND NEGOTIATIONS

REF: A. STATE 031132; B. STATE 026140.
1. FOLLOWING IS TEXT OF LETTER FROM ASHLEY-LASSEN TO LEQUESNE RESPONDING TO LEQUESNE LETTER TRANSMITTED REFTELS:

2. QUOTE DEAR MR. LEQUESNE: I HAVE RECEIVED YOUR MESSAGE WHICH WAS SENT TO ME THROUGH MR. TURNER OF YOUR HIGH COMMISSION HERE.

I BELIEVE YOU WILL RECALL MY SURPRISE AT THE PROPOSAL THAT THE CREDITORS WOULD ONLY ACCEPT THE GHANA GOVERNMENT'S REQUEST FOR A 10 YEAR GRACE PERIOD IN EXCHANGE FOR A 2 AND A HALF PERCENT MORATORIUM INTEREST. AS I MENTIONED TO YOU AT OUR MEETING IN LONDON A 2 AND A HALF PERCENT IS NOT ACCEPTABLE TO US. THE GHANA GOVERNMENT HAS MOVED A VERY LONG WAY FROM THE ORIGINAL POSITION OF A MORATORIUM INTEREST OF 0.75 PERCENT- THE 2 PERCENT PROPOSED IN YOUR DECEMBER
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OFFER WAS ACCEPTED WITH CONSIDERABLE DIFFICULTY. I HAVE,

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SINCE MY ARRIVAL IN ACCRA, DISCUSSED THIS POINT AND CAN CONFIRM THAT THE GOVERNMENT WILL NOT ACCEPT ANY FURTHER INCREASE ON THIS FIGURE.

I MUST REASSURE YOU ONCE AGAIN THAT WE ARE ANXIOUS IN ALL EARNESTNESS TO REACH A SETTLEMENT OF THIS MATTER. BUT AS I HAVE MENTIONED TO YOU ON SEVERAL OCCASIONS THE SETTLEMENT MUST BE ONE THAT CAN ENDURE THE TEST OF TIME AND MUST BE REPRESENTATIVE OF THE COUNTRY'S ABILITY TO PAY. AS YOU KNOW, WE HAVE SHOWN OUR WILLINGNESS TO NEGOTIATE BY MOVING A CONSIDERABLE WAY FROM OUR ORIGINAL 5TH OF FEBRUARY 1972 POSITION. I SEE IN THE CREDITORS' POSITION HOWEVER A LACK OF WILLINGNESS TO SHIFT OR TO YIELD ANY GROUND ON THE GRANT ELEMENT WHICH THEY HAVE INSISTED MUST REMAIN AT AROUND 60 PERCENT.

WE STILL BELIEVE THAT THE SMALL CONCESSION OF 2 PERCENT MORATORIUM INTEREST INSTEAD OF 2 AND A HALF PERCENT WHICH THE CREDITORS ARE NOW INSISTING UPON IS NOT PREJUDICIAL TO THEIR INTEREST. AS YOU KNOW, OUR LAST OFFER TO YOU ON THE MORATORIUM PERIOD WAS 20 YEARS AS AGAINST YOUR OFFER OF 18 YEARS. I WENT BEYOND MY MANDATE TO OFFER 18 YEARS REPAYMENT PERIOD IF THIS WILL HELP SETTLE THE MATTER. WHILE I AM STILL TRYING TO PERSUADE MY COLLEAGUES TO ACCEPT I MUST IN FRANKNESS TO YOU MENTION THAT THE CREDITORS' INSISTENCE ON A 2 AND A HALF PERCENT MORATORIUM INTEREST IS NOT HELPING MY CASE. INDEED A SENSE OF DISILLUSION-MENT IS BEGINNING TO EMERGE AND I MUST INSIST THAT THE CREDITORS BE MADE AWARE OF THIS. IN THIS REGARD I AM REQUESTING YOU TO USE YOUR MAXIMUM EFFORT TO PERSUADE THE CREDITORS TO COME TO ROME IN A SPIRIT OF NEGOTIATION SO THAT THIS MATTER CAN BE RESOLVED ONCE AND FOR ALL.

WE ARE WILLING TO MEET THE CREDITORS IN ROME ON THE 11TH OF MARCH ON THE UNDERSTANDING THAT WE WERE GOING TO NEGOTIATE AND, HOPEFULLY REACH A MEANINGFUL SETTLEMENT. THE OTHER MATTERS WHICH YOU RAISED IN YOUR LETTER SHOULD NOT, IN MY ESTIMATION POSE ANY SERIOUS DIFFICULTIES.

PLEASE ACCEPT THEASSURANCES OF MY HIGHEST ESTEEM UNQUOTE.
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3. DEPARTMENT HAS INFORMED BRITISH EMBASSY THAT USG IS DISAPPOINTED BY ASHLEY-LASSEN'S RESPONSE, WHICH, IN VIEW CREDITORS' POSITION, RISKS ABORTING VERY CONSIDERABLE PROGRESS MADE OVER LONG PERIOD TIME AND AT GREAT EFFORT TOWARD A DEBT SETTLEMENT. AS A FINAL EFFORT TO AVOID IMPASSE, USG THEREFORE HAS ASKED EMBASSY TO INFORM LEQUESNE THAT USG WILL PARTICIPATE IN ROME MEETING, IF

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THIS IS THE WISH OF OTHER CREDITORS, PROVIDED LEQUESNE FIRST NOTIFIES ASHLEY-LASSEN THAT THE CREDITORS HAVE REAFFIRMED THEIR REFUSAL TO ACCEPT ANY FORMULA WITH A GRANT ELEMENT GREATER THAN 10/18/2.5 PERCENT. RUSH UNQUOTE CASEY

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Disposition Approved on Date:
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